

June 24, 2009

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

Re: Contract Negotiations

Dear Randy:

We wanted to follow up with you regarding the enclosed media advisory announcing that Local 230 would be holding a news conference at City Hall on June 16th regarding contract negotiations, stating "San Jose Fire Fighters to address City's unresponsiveness to employee concessions." The media advisory also states that Local 230 would discuss "the City of San José's failure to respond to the union's wage concession proposals intended to help balance the City budget." We are very concerned that this is not accurate and does not reflect the record.

Although the City had been making efforts to begin negotiations with Local 230 since December 2008, Local 230 provided a one-year proposal directly to the City Council and the City Manager on March 27, 2009, prior to any negotiation sessions. This was followed by a complete proposal that you presented on April 9, 2009, during the first of our two negotiation sessions that included specific proposals that were unspecified in the March 27th letter.

The City did not fail to provide a response to Local 230's one-year proposal. The City provided a verbal response to Local 230's proposal during the second negotiation session on April 23, 2009. During this meeting, the City notified Local 230 that we were not able to accept Local 230's one year package proposal because of additional items included in the April 9th, such as a significant change in the schedule of firefighters which would result in firefighters' normally scheduled shifts being 48 consecutive hours, and because some key items were not included in the offer, such as the very important issue of funding retiree healthcare benefits. At your request, this was followed by a written response on April 24, 2009. The subject line of the City's April 24th letter is **"Response to One Year Proposal."**

Since April 24, 2009, the City has been requesting a response from Local 230 as to whether or not the union would be open to a one year agreement with the terms outlined in the City's letter dated April 24, 2009. Local 230 has not provided any response. The City sent another letter on May 11, 2009, requesting a response from Local 230, but again, no response was received. A copy of this letter is also enclosed.

On May 20, 2009, the City sent another letter to Local 230 that included letters, emails and proposals since December 3, 2008. Although we are not re-sending you all of the letters, emails and proposals that were sent with our May 20th letter, please see the List of Enclosures. We believe the letters and emails provide a clear record of Local 230's lack of commitment to the negotiation process.

The contract expires on June 30, 2009, and there have only been two meetings. The City is interested in moving forward with these negotiations in an effort to reach an agreement on a successor agreement. Pending confirmation from Local 230, we have a negotiation session scheduled for June 30th. If Local 230 continues to fail to meet, we will not be able to negotiate an agreement, and the parties should proceed to the impasse procedures.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gurza', written over a horizontal line.

Alex Gurza
Director of Employee Relations

Enclosures

c: Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief
Jeff Welch, IAFF, Local 230 Vice-President

MEDIA ADVISORY
SAN JOSE FIRE FIGHTERS IAFF LOCAL 230
And
SOUTH BAY AFL-CIO LABOR COUNCIL
FOR IMMEDIATE RELEASE

June 16, 2009
Contact: Jody Meacham (408) 269-7872

San Jose Fire Fighters to address
City's unresponsiveness to employee concessions
at 1 p.m. news conference today

SAN JOSE – The San Jose Fire Fighters IAFF Local 230 will hold a news conference at **1 pm. today on South 5th Street, next to City Hall** to discuss the City of San José's failure to respond to the union's wage concession proposals intended to help balance the City budget.

Randy Sekany, president of the local, which represents nearly 750 fire fighters, will make a statement and answer questions about the City's refusal to accept a wage freeze first offered by the union March 27.

Despite a call from Mayor Chuck Reed for City employees to accept such a freeze to avoid layoffs during the current budget crisis, negotiators have snubbed unions that are voluntarily proposing sacrifices to preserve vital city services and are attempting to use the crisis to exact even deeper concessions.

What: Press conference by San Jose Fire Fighters IAFF Local 230
Who: Randy Sekany, president, Local 230
When: 1 pm. today, June 16
Where: South 5th Street, San Jose
(where street dead-ends into San Jose City Hall)

April 24, 2009

Randy Sekany
President
San Jose Fire Fighters, IAFF, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

Re: Response to One Year Proposal

Dear Randy:

We sincerely appreciate Local 230's commitment, expressed in your March 27, 2009 letter, to leading the way in assisting the City with the challenges created by present economic circumstances. As you know, the City's fiscal situation has continued to worsen. Most recently, we have learned that the shortfall in the coming fiscal year has increased by \$14 million as a result of declining property tax revenues. This increases the City's budget deficit in 2009-2010 to an estimated \$77 million. The City has also received information about potentially significant increases in pension contribution rates beginning in 2010. (Please see attached memos.)

On April 9, you presented your complete one year proposal. As we discussed during our meeting of April 23, 2009, while we can accept Local 230's proposal of a one year wage freeze, we are not able to accept Local 230's one year package proposal because of additional items included in the April 9 proposal, and, equally important, because some key items are not included in the offer.

One issue of particular concern is that Local 230's one year proposal does not address the critical issue of retiree healthcare. As you know, the City and employees have a significant unfunded retiree healthcare liability. Eight out of the City's ten unions have now agreed to fully pre-funding retiree healthcare beginning in July 2009, and an agreement on this issue is essential to the continued viability of the City's retiree healthcare benefits. Any agreement for a new contract with Local 230 must include full pre-funding of retiree healthcare. At our meeting of April 23rd, we provided you with the agreement we reached with the San Jose Police Officer's Association, which is the language we are seeking for Local 230.

Below is a brief discussion of the other major issues.

Wages

Local 230's one year proposal includes no base wage increase for fiscal year 2009-2010. However, as clarified in Local 230's April 9 proposal, the wage freeze offer does not contemplate freezing employee step increases. As you know, employees' pay goes up not only through negotiated general wage increases, but also through 5% automatic "step" increases that generally occur annually until an employee reaches the top of the pay scale. The City is interested in a wage freeze for 2009-2010 that includes freezing step increases.

48/96 Shift Schedule

Local 230's one year proposal includes a change to the existing work schedule for Fire employees who currently work 24-hour shifts. The current schedule worked by San Jose Fire Fighters is a very common schedule among Fire Departments in other cities. The schedule proposed by Local 230 would require employees to work a continuous 48-hour shift, with 4 days (96 hours) off in between the 48-hour shifts.

As the City demonstrated in the last interest arbitration, there are significant problems with a schedule that requires employees to regularly work 48 straight hours. The concerns with scheduling firefighters to work 48 hour shifts as their regular schedule include the effects of fatigue, which could lead to increased accidents, injuries and impaired judgment and decision-making when responding to 9-1-1 calls. The proposed schedule would decrease the number of shifts per month from 10 to 5. We are not aware of evidence that a schedule in which firefighters work 48 straight hours would benefit the Fire services delivered to the residents of San Jose.

Taxes Paid by Employees Receiving Supplemental Workers Compensation Income

As you know, San Jose Fire Fighters receive compensation in addition to regular Workers' Compensation benefits. Under the provisions of the current contract, a Fire Fighter who is eligible for Workers' Compensation temporary disability payments receives a supplement to the state mandated amount of Workers' Compensation payments so that Fire Fighters receive 100% of their pay for up to one year while on temporary disability.

Local 230's one year package proposal asks the City Council to adopt an ordinance with the intent of classifying the supplemental Workers' Compensation benefits in a manner that would make them exempt from income taxation.

Work-related injuries and disabilities, as well as the benefits for injured and disabled employees are very important and complex issues. As you know, the City Auditor's Office recently issued an audit on the City's workers compensation program, which includes recommendations to address the findings of the audit. We are more than willing to engage in a discussion regarding changes in disability benefits, but given the complexity of these issues, we do not believe that this discussion is suited to a simple one year agreement. If we cannot reach a quick agreement on a one year contract, we can certainly discuss this proposal in more detail, along with City proposals regarding disability benefits.

Firefighters Bill of Rights—California Assembly Bill 220

Local 230's one year proposal also includes a provision to incorporate the Firefighter Bill of Rights into the union contract. As you know, the Firefighter Bill of Rights is a state law contained in the California Government Code that primarily is related to the rights of fire fighters who are being investigated for misconduct. For the City, complying with all of the various legal protections that apply to employees and specifically those that apply to government employees is a priority. Although we do not include all of the many laws and legal protections that apply to employees in the union contracts, we look forward to continuing to work with Local 230 on the issues raised by the Firefighters Bill of Rights for the City of San Jose. Our understanding is that Local 230 recently filed a court action against the City related to the Firefighters Bill of Rights. Hopefully, the various issues relating to this new law will be resolved and clarified through our attorneys.

Discussion on Fire Companies and Stations

In proposing no general wage increase in 2009-2010, Local 230 indicates that it is doing so in order to assist the City in maintaining all current fire companies and stations. Given the City's fiscal situation, many difficult decisions must be made. Unfortunately, these decisions will include elimination of City jobs across the many City departments and a corresponding reduction in services to our community. The City welcomes Local 230's leadership in assisting the City to lessen the reduction in services to our community by helping us to address the growth in our personnel costs.

You indicated that you will be out of town from April 29th until May 6th and consequently Local 230 will not be able to meet with us again until at least May 7, 2009. We would appreciate hearing back from you before you leave on April 29th as to whether or not Local 230 would be open to a one year agreement with the terms outlined in this letter and discussed at our meeting on April 23rd.

We hope that we can reach a quick agreement. However, if we cannot reach an agreement quickly on the terms of one year agreement, we would like to begin scheduling frequent and regular negotiations sessions so that we can begin making proposals on the various items on both the City's and Local 230's list of issues.

Once again, we appreciate Local 230's one year proposal and look forward to hearing back from you.

Sincerely,



Alex Gurza
Director of Employee Relations

Enclosures

c: Jeff Welch, Local 230 Vice President
Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief

May 11, 2009

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

Re: Contract Negotiations

Dear Randy:

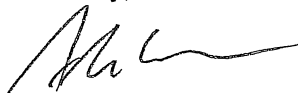
On April 24, 2009, we sent you a letter at your request in response to Local 230's one year proposal dated April 9, 2009. In our letter, we requested a response prior to April 29th, as you mentioned you would be out of town from April 29th until May 6th. Although we followed up via email, to date we have not received a response.

Although we had hoped to begin negotiations early and contacted you starting in December 2008 about commencing negotiations, unfortunately Local 230 was not able to begin negotiations early. Given that the contract with Local 230 expires on June 30, 2009, we are very concerned that we have had only two negotiation sessions.

We would like to establish a schedule of negotiations sessions with a goal of reaching an agreement on new contract before the expiration of the current agreement. We propose meeting twice a week, with an increasing schedule of negotiations as we approach June 30th.

For the three members of your team that are City employees, we will ensure that they are released from regular duties to participate in the negotiation sessions. Please let us know when your team can meet this week.

Sincerely,



Alex Gurza
Director of Employee Relations

c: Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief
Jeff Welch, IAFF, Local 230 Vice-President
Christopher Platten, IAFF, Local 230 Legal Counsel

May 20, 2009

Randy Sekany
President
San Jose Fire Fighters, IAFF, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

Re: Contract Negotiations

Dear Randy:

The City has communicated with Local 230 beginning in December 2008 regarding contract negotiations. Unfortunately, the City and Union negotiation teams have only met twice even though the current contract with Local 230 expires on June 30th.

We have attached for your reference letters, emails and proposals since December 3, 2008, regarding contract negotiations.

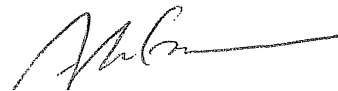
As you are aware, Article 1.2 of the current contract requires both parties to exchange a list of the issues it wishes to raise in negotiations prior to April 1. On March 27, 2009, before the exchange of issues and before the negotiating teams had met, Local 230 sent a proposal directly to the City Council, the City Manager and the media.

The lists of issues were exchanged during our first negotiation session on April 9, 2009. At this meeting, Local 230 also provided additional clarification on its proposal.

The City provided a response to Local 230's April 9th proposal at our second negotiation session on April 23rd. At your request, we provided our response in writing in a letter dated April 24, 2009. Since our second meeting on April 23rd, Local 230 has declined to schedule any additional negotiating sessions and has not responded to our letters and emails about contract negotiations.

We are very concerned that this demonstrates a lack of commitment from Local 230 to the negotiation process.

Sincerely,



Alex Gurza
Director of Employee Relations

Enclosures

c: Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief
Jeff Welch, IAFF, Local 230 Vice-President

List of Enclosures
2009 Negotiations
IAFF, Local 230

December 3, 2008	Letter to Local 230
December 16, 2008	Email to Local 230
December 22, 2008	Email to Local 230
December 23, 2008	Letter from Local 230
December 23, 2008	Email from Local 230
December 23, 2008	Letter to Local 230
December 23, 2008	Email to Local 230
December 23, 2008	Letter to Local 230
December 29, 2008	Letter to Local 230
December 29, 2008	Email to Local 230
January 22, 2009	Letter from Local 230
February 1, 2009	Email to Local 230
February 13, 2009	Letter to Local 230
February 23, 2009	Email from Local 230
February 23, 2009	Email to Local 230
March 19, 2009	Letter to Local 230
March 25, 2009	Email from Local 230
March 26, 2009	Letter to Local 230
March 27, 2009	Letter from Local 230
March 28, 2009	Letter to Local 230
April 7, 2009	Letter to Local 230
April 9, 2009	Initial MOA Proposals from Local 230
April 9, 2009	L230 Settlement Proposal
April 9, 2009	City's Initial List of Negotiation Issues
April 24, 2009	Letter to Local 230
April 30, 2009	Email to Local 230
May 11, 2009	Letter to Local 230